

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0745-01
Bill No.: HB 280
Subject: Health Care; Health Care Professionals; Insurance - Medical; Insurance Dept.
Type: Original
Date: February 4, 2011

Bill Summary: Prohibits insurers from denying reimbursement for providing diagnostic imaging services based solely on the specialty or professional board certification of a licensed physician.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0 or (Unknown less than \$50,000)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0 or (Unknown less than \$50,000)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Road	(Unknown greater than \$50,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown greater than \$50,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Federal Funds*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Reimbursements and expenditures \$0 to Unknown and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** and **Missouri Department of Conservation** assume the proposal would have no fiscal impact on their agencies.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the potential fiscal impact of this proposal on their organization.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** assume this legislation does not require health plans to pay for more than one read of the same diagnostic image. Even if two different medical professionals review the diagnostic image, the HCP assumes it will pay for the first read only.

This legislation does not fiscally impact the HCP based on the assumptions above.

Officials from the **Missouri Department of Transportation (MoDOT)** state the MoDOT/MHP Medical Plan would fall under the definition of health benefit plan as indicated in the legislation. Therefore, this bill would apply to the Plan. The network and claims administrator, Coventry Health Care Plan, has researched the fiscal impact if the Plan is required to cover these services and have provided the following information.

Coventry's current contracts do not limit a provider's ability to read radiology claims based upon specialty specifically. However, they do control high tech radiology via their contracts. In other words, they limit whom they contract with for these services and in this way establish limitations, but they are not specialty driven per se. The impact cannot be determined. However, it would be greater than \$100,000 annually.

Officials from the **Department of Social Services (DSS)** state this legislation does not revise Chapter 208, RSMo and, therefore, does not affect MO HealthNet eligibility or benefits.

This legislation does revise Chapter 376, RSMo. The MO HealthNet Division (MHD) assumes that since there is no specific exemption for contracts with the state, the legislation will pertain to HMOs that contract with the state to provide health benefits to MO HealthNet Managed Care participants.

ASSUMPTION (continued)

The MHD recognizes there may be additional costs of doing business for HMOs if this legislation passes and that those costs may be passed on to the MHD. The MHD may incur additional costs for an actuarial analysis to determine if capitated rates should be adjusted for the additional costs incurred by the HMO.

If an actuarial analysis is needed it will occur in the first year and is a one-time cost. The cost of the analysis will depend on the number of program changes that will need to be analyzed as well

as the complexity of those changes. This cost is unknown but may be as high as \$100,000. Since this is an administrative cost there will be a 50% federal match rate.

If the HMOs are required to provide additional benefits and the MHD's current rates don't support those costs, the actuary may require an increase in capitated rates to ensure actuarial soundness.

If this occurs the cost to the MHD is unknown. These additional costs would occur in the second and third years.

FY12: Total cost is unknown < \$100,000 (GR unknown < \$50,000)

FY13: Total cost is unknown

FY14: Total cost is unknown

Oversight assumes the provisions of the proposal would not take effect until the beginning of the next plan year (January 1, 2012) and, therefore, presents costs for 6 months for FY 2012.

FISCAL IMPACT - State Government

FY 2012
(6 Mo.)

FY 2013

FY 2014

GENERAL REVENUE FUND

Costs - DSS

Increase in program expenditures

\$0 or (Unknown
less than
\$50,000)

\$0 or
(Unknown)

\$0 or
(Unknown)

**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

\$0 or
(Unknown less
than \$50,000)

\$0 or
(Unknown)

\$0 or
(Unknown)

ROAD FUND

Costs - MoDOT

Increase in healthcare plan costs

(Unknown
exceeding
\$50,000)

(Unknown
exceeding
\$100,000)

(Unknown
exceeding
\$100,000)

**ESTIMATED NET EFFECT ON
ROAD FUND**

(Unknown
exceeding
\$50,000)

(Unknown
exceeding
\$100,000)

(Unknown
exceeding
\$100,000)

FEDERAL FUNDS

Income - DSS

Increase in program reimbursements

\$0 or Unknown
up to \$50,000

\$0 or Unknown

\$0 or Unknown

Costs - DSS

Increase in program expenditures

\$0 or (Unknown
up to \$50,000)

\$0 or
(Unknown)

\$0 or
(Unknown)

**ESTIMATED NET EFFECT ON
FEDERAL FUNDS**

\$0

\$0

\$0

FISCAL IMPACT - Local Government

FY 2012
(6 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

The proposal may positively impact small business medical providers if they have been denied reimbursement for diagnostic imaging services based solely on licensed specialty or professional board certification.

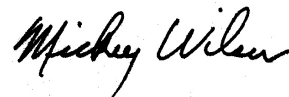
FISCAL DESCRIPTION

This proposal prohibits a health carrier or benefit plan from denying reimbursement to a licensed physician for providing or interpreting diagnostic imaging services based solely on the physician's specialty or professional board certification.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Social Services
Missouri Department of Transportation
Department of Public Safety -
Missouri State Highway Patrol
Missouri Consolidated Health Care Plan
Missouri Department of Conservation



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Director
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